



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

SB3429

Introduced 2/14/2020, by Sen. Heather A. Steans

SYNOPSIS AS INTRODUCED:

35 ILCS 5/212	
35 ILCS 5/703	from Ch. 120, par. 7-703
820 ILCS 170/5	from Ch. 48, par. 2755
820 ILCS 170/10	from Ch. 48, par. 2760
820 ILCS 170/15	from Ch. 48, par. 2765
820 ILCS 170/17 new	
820 ILCS 170/20	from Ch. 48, par. 2770

Amends the Illinois Income Tax Act. Provides that the State earned income tax credit shall be: (i) 19% of the federal tax credit for each taxable year beginning on or after January 1, 2022 and beginning before January 1, 2023; and (ii) 20% of the federal credit for each taxable year beginning on or after January 1, 2023. Requires the Department of Revenue and certain institutions of higher education to provide certain notices concerning the federal and State earned income tax credits. Effective immediately.

LRB101 19733 HLH 69239 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Income Tax Act is amended by
5 changing Sections 212 and 703 as follows:

6 (35 ILCS 5/212)

7 Sec. 212. Earned income tax credit.

8 (a) With respect to the federal earned income tax credit
9 allowed for the taxable year under Section 32 of the federal
10 Internal Revenue Code, 26 U.S.C. 32, each individual taxpayer
11 is entitled to a credit against the tax imposed by subsections
12 (a) and (b) of Section 201 in an amount equal to (i) 5% of the
13 federal tax credit for each taxable year beginning on or after
14 January 1, 2000 and ending prior to December 31, 2012, (ii)
15 7.5% of the federal tax credit for each taxable year beginning
16 on or after January 1, 2012 and ending prior to December 31,
17 2013, (iii) 10% of the federal tax credit for each taxable year
18 beginning on or after January 1, 2013 and beginning prior to
19 January 1, 2017, (iv) 14% of the federal tax credit for each
20 taxable year beginning on or after January 1, 2017 and
21 beginning prior to January 1, 2018, and (v) 18% of the federal
22 tax credit for each taxable year beginning on or after January
23 1, 2018 and beginning before January 1, 2022, (vi) 19% of the

1 federal tax credit for each taxable year beginning on or after
2 January 1, 2022 and beginning before January 1, 2023, and (vii)
3 20% of the federal credit for each taxable year beginning on or
4 after January 1, 2023.

5 For a non-resident or part-year resident, the amount of the
6 credit under this Section shall be in proportion to the amount
7 of income attributable to this State.

8 (b) For taxable years beginning before January 1, 2003, in
9 no event shall a credit under this Section reduce the
10 taxpayer's liability to less than zero. For each taxable year
11 beginning on or after January 1, 2003, if the amount of the
12 credit exceeds the income tax liability for the applicable tax
13 year, then the excess credit shall be refunded to the taxpayer.
14 The amount of a refund shall not be included in the taxpayer's
15 income or resources for the purposes of determining eligibility
16 or benefit level in any means-tested benefit program
17 administered by a governmental entity unless required by
18 federal law.

19 (d) For taxable years beginning on or after January 1,
20 2021, each individual taxpayer age 18 to 24 is entitled to the
21 credit under paragraph (a) without regard to the requirement
22 under Section 32(c)(1)(A)(ii) of the federal Internal Revenue
23 Code that the individual taxpayer without a qualifying child
24 have attained the age of 25.

25 (e) For taxable years beginning on or after January 1,
26 2022, each individual taxpayer filing a return using an

1 individual tax identification number as prescribed under
2 Section 6109 of the federal Internal Revenue Code, other than a
3 Social Security number issued pursuant to Section 205(c) (2) (A)
4 of the Social Security Act, is entitled to the credit under
5 paragraph (a) without regard to the restrictions under Section
6 32(m) of the federal Internal Revenue Code.

7 (c) This Section is exempt from the provisions of Section
8 250.

9 (Source: P.A. 100-22, eff. 7-6-17.)

10 (35 ILCS 5/703) (from Ch. 120, par. 7-703)

11 Sec. 703. Information statement. Every employer required
12 to deduct and withhold tax under this Act from compensation of
13 an employee, or who would have been required so to deduct and
14 withhold tax if the employee's withholding exemption were not
15 in excess of the basic amount in Section 204(b), shall furnish
16 in duplicate to each such employee in respect of the
17 compensation paid by such employer to such employee during the
18 calendar year on or before January 31 of the succeeding year,
19 or, if his employment is terminated before the close of such
20 calendar year, on the date on which the last payment of
21 compensation is made, a written statement in such form as the
22 Department may by regulation prescribe showing the amount of
23 compensation paid by the employer to the employee, the amount
24 deducted and withheld as tax, and such other information as the
25 Department shall prescribe. A copy of such statement shall be

1 filed by the employee with his return for his taxable year to
2 which it relates (as determined under Section 601(b)(1)).
3 Beginning January 1, 2021, every employer shall include with
4 such statement information as the Department may specify
5 regarding the earned income credit allowed under Section 212 of
6 this Act.

7 (Source: P.A. 97-507, eff. 8-23-11.)

8 Section 10. The Earned Income Tax Credit Information Act is
9 amended by changing Sections 5, 10, 15, and 20 and by adding
10 Section 17 as follows:

11 (820 ILCS 170/5) (from Ch. 48, par. 2755)

12 Sec. 5. Declaration of public policy. In order to alleviate
13 the tax burden of low-income persons in Illinois who have
14 earned income ~~and support one or more dependent children~~, the
15 State should facilitate the furnishing of information to such
16 persons about the availability of the federal and State earned
17 income tax credit so that eligible taxpayers may claim that
18 credit on their federal and State income tax returns. It is the
19 intent of this Act to offer the most cost-effective assistance
20 to eligible taxpayers through notices provided by their
21 employers and by State government.

22 (Source: P.A. 100-201, eff. 8-18-17.)

23 (820 ILCS 170/10) (from Ch. 48, par. 2760)

1 Sec. 10. Definitions. In this Act:

2 (a) "Employer" means any Illinois employer who is subject
3 to and is required to provide unemployment insurance to his or
4 her employees, under the Unemployment Insurance Act.

5 (b) "Employee" means any person who is covered by
6 unemployment insurance by his or her employer, pursuant to the
7 Unemployment Insurance Act.

8 (c) "Institution of higher learning" has the same meaning
9 as defined in Section 10 of the Higher Education Student
10 Assistance Act.

11 (Source: P.A. 87-598.)

12 (820 ILCS 170/15) (from Ch. 48, par. 2765)

13 Sec. 15. Notification by employer.

14 (a) An employer shall be required to notify all employees
15 that they may be eligible for the federal and State earned
16 income tax credits ~~credit~~ and may either apply for the credit
17 on their tax returns ~~or receive the credit in advance payments~~
18 ~~during the year~~. The employer shall not be required to notify
19 any employee who receives gross wages from that employer that
20 exceed the maximum amount that may qualify for the federal or
21 State earned income tax credit.

22 (b) The employer shall provide the notification required by
23 subsection (a) of this Section by giving or mailing to the
24 employee:

25 (1) for the federal earned income tax credit, any

1 notice available from the Internal Revenue Service for this
2 purpose, including, but not limited to, the Notice of a
3 Possible Federal Tax Refund Due to the Earned Income Credit
4 (EIC); or

5 (2) for the State earned income tax credit any notice
6 available from the Department of Revenue for this purpose;
7 or

8 (2) any notice created by the employer, as long as it
9 contains substantially the same language as either or both
10 of the following: (1) the ~~either or both~~ notices described
11 in paragraphs ~~paragraph~~ (1) and (2) of this subsection; or
12 (2) the notices described in in subsections ~~subsection~~ (a)
13 and (c) of Section 20.

14 (c) The notice prescribed in this Section shall be
15 furnished within one week before or after, or at the same time,
16 that the employer provides a Form W-2 to any employee covered
17 by this Act.

18 (Source: P.A. 87-598.)

19 (820 ILCS 170/17 new)

20 Sec. 17. Notification by institution of higher learning.

21 (a) An institution of higher learning shall be required to
22 notify all students that they or their parent or guardian may
23 be eligible for the federal and State earned income tax credits
24 and may apply for the credits on their tax returns.

25 (b) The employer shall provide the notification required by

1 subsection (a) of this Section by giving, mailing, or providing
2 by electronic communication to the student:

3 (1) for the federal earned income tax credits, any
4 notice available from the Internal Revenue Service for this
5 purpose, including, but not limited to, the Notice of a
6 Possible Federal Tax Refund Due to the Earned Income Credit
7 (EIC); and

8 (2) for the State earned income tax credit any notice
9 available from the Illinois Department of Revenue for this
10 purpose; or

11 (3) any notice created by the institution of higher
12 learning, as long as it contains substantially the same
13 language as the notices described in paragraphs (1) and (2)
14 of this subsection or in subsections (a) and (c) of Section
15 20.

16 (c) The notice prescribed in this Section shall be
17 furnished after January 1 and no later than February 15 of each
18 year.

19 (820 ILCS 170/20) (from Ch. 48, par. 2770)

20 Sec. 20. Language of notice.

21 (a) The notice furnished to employers or created by
22 employers to notify their employees about the availability of
23 the federal earned income tax credit shall state as follows:

24 IF YOU EARNED LESS THAN \$..... LAST YEAR ~~AND HAVE AT~~
25 ~~LEAST ONE CHILD~~, YOU MAY BE ELIGIBLE TO RECEIVE A TAX

1 CREDIT FROM THE FEDERAL GOVERNMENT. THE TAX CREDIT MAY BE A
2 REFUND FROM THE FEDERAL GOVERNMENT FOR AS MUCH AS \$.....
3 EVEN IF YOU DO NOT OWE FEDERAL TAXES, YOU MUST FILE A TAX
4 RETURN TO RECEIVE THE EARNED INCOME TAX CREDIT. BE SURE TO
5 FILL OUT THE EARNED INCOME TAX CREDIT FORM IN THE TAX
6 RETURN BOOKLET.

7 (b) The notice furnished by employers shall be updated
8 annually in the appropriate blanks to reflect the maximum
9 earned income tax credit and the maximum earnings to which such
10 tax credit shall apply, as determined by the federal
11 government.

12 (c) The notice furnished to employers or created by
13 employers to notify their employees about the availability of
14 the State earned income tax credit shall include language
15 provided annually by the Department of Revenue.

16 (d) The Department of Revenue shall annually, prior to
17 December 31, publish the language required to be provided by
18 employers and institutions of higher learning in this Section
19 and Section 17.

20 (Source: P.A. 87-598.)

21 Section 99. Effective date. This Act takes effect upon
22 becoming law.